

PROVIDING FOR EXPERIMENTAL OPERATION AND
TESTING OF VESSELS OWNED BY THE UNITED STATES

JUNE 8, 1956.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. BONNER, from the Committee on Merchant Marine and Fisheries,
submitted the following

REPORT

[To accompany H. R. 11027]

The Committee on Merchant Marine and Fisheries, to whom was referred the bill (H. R. 11027) to amend title VII of the Merchant Marine Act, 1936, as amended, to provide for experimental operation and testing of vessels owned by the United States, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

The amendments are as follows:

Page 2, line 8, after the word, "Act", delete the period and insert the following:

: provided, however, That not in excess of ten such vessels shall be operated and tested under the authority of this section in any one year.

The purpose of this bill is to provide the Secretary of Commerce with flexible authority to operate vessels owned by the United States which have been or may be constructed, reconditioned or remodeled for experimental or testing purposes.

The Department of Commerce is presently engaged in a Liberty ship conversion, engine improvement, and cargo-handling betterment program, designed to develop the possibilities and potentialities of ships in the reserve fleet. The first of the converted Liberty ships will be ready for testing this summer.

While there is existing authority for the operation and charter of Government-owned merchant ships for wartime or emergency operation, and for supplementary peacetime operation, existing authority is not adequate or appropriate for operating and testing newly constructed or converted experimental vessels in the ways best suited to

appraise the results of the experiments. The Department of Commerce therefore requested the enactment of this legislation to provide permanent authority for experimental operation of vessels to be conducted by United States citizen steamship owners and operators, or by other departments of the Government under general agency or bareboat charter agreements.

While it is contemplated that the vessels would be used in actual shipping operations for relatively short periods in order to secure realistic results, the charters and agencies could not be handled on a strictly commercial basis because of the unknown capabilities of the vessels and their equipment and the uncertainties of the results from a commercial standpoint. It is expected that private operators may be willing to use experimental ships as additional or substitute ships in their services and it is contemplated that a vessel may well be tested in different trades and services. The test operations must be carefully observed and studied to appraise performance and determine need for perfecting improvements. It is contemplated that some ships converted with new type power units in the initial program now under way should be operated in coastal or nearby ocean waters, in order to have technical Government, shipyard, and industry personnel and facilities readily available. Some of the ships may be operated in regular berth service, with particular attention to efficiency of experimental cargo gear. From the defense viewpoint, test in operation, with particular attention to practical defense requirements for merchant ships, can best be conducted directly by the defense establishments. It is necessary, therefore, that the proposed authority be general and flexible.

It is understood that the operations would be under bareboat charters wherever practical, with resort to general agency operation only where definitely necessary. In all cases operations should be conducted with full protection of private owners and with the purpose of making results of operations and tests fully available to the industry.

The proposed legislation provides that bareboat charters would be made at reasonable rates of charter and would include provisions for protection of the public interest, with provisions for recapture of profits as provided in chartering under title VII of the Merchant Marine Act, 1936. Both charters and general agency agreements entered into would be reviewed not less than annually for the purpose of determining whether conditions justify continuance of the charter or agreement.

While the committee believes this authority is desirable for the purposes stated, it was felt that in order to avert the possibility of vessels under experimental operation causing unfair competition to the privately owned and operated merchant marine, some provision should be made to limit the extent of operations under the bill. Accordingly, your committee has amended the bill to provide that not in excess of 10 vessels should be operated and tested, pursuant to this authority, during any one year. According to testimony of the Department of Commerce witness, this limitation is a reasonable one, which would in no way impede any experimental operations presently in view.

The executive communication is as follows:

THE SECRETARY OF COMMERCE,
Washington, July 22, 1955.

HON. SAM RAYBURN,
Speaker of the House of Representatives,
Washington, D. C.

DEAR MR. SPEAKER: There is submitted herewith draft and statement of purpose and provisions of a bill to amend title VII of the Merchant Marine Act, 1936, as amended, to provide for experimental operation and testing of vessels owned by the United States.

The Department of Commerce is engaged in a Liberty ship conversion, engine improvement, and cargo handling betterment program, designed to develop the possibilities and potentialities of ships in the national reserve fleet. In view of the rapid obsolescence of the war-built merchant fleet, both active and reserve, it is highly desirable that developments in vessel design and propulsion, and cargo handling facilities on ships, should be carefully tested in actual use in order that the results can be analyzed and determinations made for the benefit of Government and industry.

The testing of vessels converted or constructed for experimental purposes will enable the Government more effectively to plan for the use of our defense reserve fleet in the event of emergency need, assist in obtaining more efficient use of old vessels, and speed up the technical development of new additional and replacement vessels. Test operation of experimental ships will, of course, be highly important in developing the practical possibilities for use of nuclear energy for propulsion of merchant vessels.

The purpose and provisions of the proposed legislation are set forth in detail in the accompanying statement.

Since the first of the converted Liberty ships will be ready for testing operations this summer, the Department urges early consideration and enactment of the proposed legislation.

The Director of the Bureau of the Budget has advised that there would be no objection to the submission of the proposed legislation.

Sincerely yours,

SINCLAIR WEEKS,
Secretary of Commerce.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

MERCHANT MARINE ACT, 1936

SEC. 715. The Secretary of Commerce for the purpose of practical development, trial, and testing, is authorized, without regard to other provisions of this title or other laws relating to chartering and general agency operations, to operate, under general agency agreements or bareboat charter, vessels owned by the United States (including any national defense reserve vessel) which have been constructed, reconditioned, or remodeled for experimental or testing purposes, in the foreign or domestic trade of

the United States or for use for the account of any agency or department of the United States, under such reasonable terms or conditions as the Secretary of Commerce determines to be necessary to carry out the objects of this Act. Bareboat charters entered into under this section shall be made at reasonable rates of charter and shall include such restrictions and conditions as the Secretary of Commerce determines to be necessary or appropriate to protect the public interest, including provisions for recapture of profits as provided for in section 709 of this Act, as amended. Charters and general agency agreements entered into under this section shall be reviewed annually for the purpose of determining whether conditions exist which would justify continuance of the charter or agreement. Those provisions of law prescribed or incorporated under the heading "VESSEL OPERATIONS REVOLVING FUND" in chapter VIII of the Third Supplemental Appropriation Act, 1951 (Public Law 45, Eighty-second Congress; 65 Stat. 52, 59), which relate to vessel operating activities of the Secretary of Commerce and to employment of seamen through general agents, shall be applicable in connection with charters and agreements entered into under this section.

